

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (08/02):**

BUTTER: Grade AA closed at \$1.0625. The weekly average for Grade AA is \$1.0642 (+.0150).

CHEESE: Barrels closed at \$1.1275 and blocks at \$1.1600. The weekly average for barrels is \$1.1175 (+.0765) and blocks, \$1.1620 (+.1040).

NONFAT DRY MILK: Extra Grade closed at \$0.9050 and Grade A at \$0.9200. The weekly average for Extra Grade is \$0.9050 (+.0080) and Grade A, \$0.9200 (N.C.).

BUTTER: Butter markets are firm as the cash price generally increases and cream supplies tighten. Most producers and handlers anticipate firm butter markets for the near future, but do not foresee the strength of last fall. Producers and handlers indicate that cream supplies are less available as milk production edges lower and demand for available cream increases. Ice cream production in most areas of the country is seasonally active, driven by strong sales and hot temperatures. Butter sales are fair. Often, butter demand is surpassing current production, thus inventoried butter is being used to fill needs. Overall butter stocks are heavier than last year at this time.

CHEESE: The cheese market is firming, though with an unsettled undertone. Commercial demand still remains sluggish overall and not fully clearing current supplies, mainly out of the West. Some buyers have increased orders due to recent price increases. Cheese production is easing lower seasonally. CCC for the second week purchased cheese under the price support program. CCC also announced Invitation #6 to Announcement DSC1 offering to sell about 388,793 pounds of aged barrels and 245,192 pounds of aged blocks. Offers are due on August 15 and public release of the awards is scheduled for August 16.

FLUID MILK: Hot and humid weather is deterring milk output in the Central, and Eastern regions. However, in the West, production is steady with areas of California showing a significant rebound from heat induced problems two weeks prior. Steady movement of fluid milk from Northern to Southern markets continues to occur, especially as some schools resume sessions within the next few weeks. Class I interest is steady to higher, resulting in greater bottling activity. Cheese plant demand for fluid milk is good yet volumes available are less than desired. Lower fluid milk intakes are noted into NDM plants with some operations shutting down seasonally or for required maintenance. Condensed skim supplies are reduced compared

to the week prior. Condensed skim movement is good into cheese plants and light to fair into Class II facilities. Cream demand is good into ice cream and cream cheese facilities. Supplies are tightening and prices are increasing in response to higher AA butter prices.

DRY PRODUCTS: While NDM and whey prices are trending higher, most other dry product markets remain lackluster. NDM offers to the CCC persist, even in light of increased Class I demand and reduced milk production. Some Eastern NDM supply shortages are being supplanted by Western stocks. Lower buttermilk prices in the West are encouraging sales in the region. Elsewhere, buttermilk sales are nominal at steady prices. Whey supplies are tightening throughout the nation and prices are anticipated higher. WPC and lactose markets remain weak. Production is lower for the light to fair domestic and export interest.

CCC: During the week of July 29 – August 2, CCC purchased 13,518,583 pounds of NDM. A total of 872,953 pounds were sourced from the Midwest and 12,645,630 from the West. This week's purchases also include 198,000 pounds of process cheese from the Midwest and 325,010 pounds of barrel cheese from the West.

JULY AGRICULTURAL PRICES HIGHLIGHTS (NASS): The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in July 2002 was unchanged at 123. Compared with July 2001, the index was down 1 point (0.8%). The index of prices received by farmers for dairy products declined 3 points during the month of July 2002 to 86. Compared with July 2001, the index was down 38 points (30.6%). Prices received by farmers in July with changes from June were: for All Milk, \$11.20, down \$.40; for Fluid Grade Milk, \$11.20, down \$.50; and for Manufacturing Grade Milk, \$9.90, down \$.40. July 2002 milk cows, at \$1,670/head, are \$80 above last year. July hay baled, at \$93.60/ton, is \$2.70 lower than July 2001.

CLASS AND COMPONENT PRICES (DAIRY PROGRAMS): The following are the July 2002 prices under the Federal Milk Order pricing system: Class II \$11.14(-\$.05), Class III \$9.33 (-\$.076); and Class IV \$10.45(-\$.07). Product price averages used in computing Class prices are: butter \$1.0112, NDM \$0.9033, cheese \$1.1004, and dry whey \$0.1545. The Class II butterfat price is \$1.0999 and the Class III/IV butterfat price is \$1.0929. Further information may be found at: <http://www.ams.usda.gov/dyfmom/mib/classprcacnmt.pdf>

****SPECIAL THIS ISSUE****

BUTTER AND CLASS III & IV MILK FUTURES (PAGE 7)
INTERNATIONAL DAIRY MARKET NEWS (PAGE 8)
JULY MONTHLY AVERAGES AND SUMMARY (PAGES 9 – 11)

DAIRY GRAPHS (PAGE 12)
JULY AGRICULTURAL PRICES HIGHLIGHTS (PAGE 13)

**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY JULY 29	TUESDAY JULY 30	WEDNESDAY JULY 31	THURSDAY AUGUST 1	FRIDAY AUGUST 2	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.1000 (+.0300)	\$1.1275 (+.0275)	\$1.1225 (-.0050)	\$1.1100 (-.0125)	\$1.1275 (+.0175)	+.0575	\$1.1175 (+.0765)
40# BLOCKS	\$1.1400 (+.0250)	\$1.1700 (+.0300)	\$1.1700 (N.C.)	\$1.1700 (N.C.)	\$1.1600 (-.0100)	+.0450	\$1.1620 (+.1040)
NONFAT DRY MILK EXTRA GRADE	\$.9050 (N.C.)	\$.9050 (N.C.)	\$.9050 (N.C.)	\$.9050 (N.C.)	\$.9050 (N.C.)	N.C.	\$.9050 (+.0080)
GRADE A	\$.9200 (N.C.)	\$.9200 (N.C.)	\$.9200 (N.C.)	\$.9200 (N.C.)	\$.9200 (N.C.)	N.C.	\$.9200 (N.C.)
BUTTER GRADE AA	\$1.0625 (+.0025)	---	\$1.0675 (+.0050)	---	\$1.0625 (-.0050)	+.0025	\$1.0642 (+.0150)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

CHICAGO MERCANTILE EXCHANGE

MONDAY, JULY 29, 2002

CHEESE — SALES: 1 CAR BARRELS @ \$1.1000; 5 CARS 40# BLOCKS: 2 @ \$1.1600, 1 @ \$1.1625, 1 @ \$1.1500, 1 @ \$1.1400; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER — SALES: 6 CARS: 1 @ \$1.0550, 1 @ \$1.0650, 1 @ \$1.0625, 1 @ \$1.0650, 1 @ \$1.0625, 1 @ \$1.0650; BIDS UNFILLED: 1 CAR @ \$1.0400; OFFERS UNCOVERED: 2 CARS: 1 @ \$1.0625, 1 @ \$1.1100

TUESDAY, JULY 30, 2002

CHEESE — SALES: 1 CAR BARRELS @ \$1.1350; 3 CARS 40# BLOCKS: 1 @ \$1.1700, 2 @ \$1.1575; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.1700; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.1275

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, JULY 31, 2002

CHEESE — SALES: 1 CAR BARRELS @ \$1.1250; 4 CARS 40# BLOCKS: 1 @ \$1.2000, 1 @ \$1.1800, 2 @ \$1.1700; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.1225

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER — SALES: 13 CARS: 1 @ \$1.0450, 2 @ \$1.0575, 5 @ \$1.0600, 1 @ \$1.0675, 1 @ \$1.0700, 1 @ \$1.0675, 2 @ \$1.0700; BIDS UNFILLED: 2 CARS: 1 @ \$1.0500, 1 @ \$1.0000; OFFERS UNCOVERED: 2 CARS: 1 @ \$1.0675, 1 @ \$1.0700

THURSDAY, AUGUST 1, 2002

CHEESE — SALES: 6 CARS BARRELS: 2 @ \$1.1225, 4 @ \$1.1100; 15 CARS 40# BLOCKS: 2 @ \$1.1900, 1 @ \$1.1825, 1 @ \$1.1700, 2 @ \$1.1675, 1 @ \$1.1900, 1 @ \$1.1775, 1 @ \$1.1800, 1 @ \$1.1900, 1 @ \$1.1800, 1 @ \$1.1850, 1 @ \$1.1875, 1 @ \$1.1900, 1 @ \$1.1800; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.1700

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, AUGUST 2, 2002

CHEESE — SALES: 5 CARS BARRELS: 1 @ \$1.1075, 1 @ \$1.1000, 1 @ \$1.0975, 1 @ \$1.1075, 1 @ \$1.1275; 19 CARS 40# BLOCKS: 1 @ \$1.1700, 1 @ \$1.1800, 1 @ \$1.1600, 1 @ \$1.1575, 1 @ \$1.1700, 1 @ \$1.1650, 1 @ \$1.1550, 1 @ \$1.1500, 1 @ \$1.1600, 1 @ \$1.1500, 1 @ \$1.1600, 1 @ \$1.1500, 1 @ \$1.1700, 1 @ \$1.1550, 1 @ \$1.1750, 1 @ \$1.1650, 1 @ \$1.1850, 1 @ \$1.1900, 1 @ \$1.2000, 2 @ \$1.1700; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.1600

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 11 CARS: 1 @ \$1.0625, 1 @ \$1.0650, 1 @ \$1.0675, 1 @ \$1.0700, 2 @ \$1.0800, 5 @ \$1.1000

BUTTER MARKETS

NORTHEAST

The market tone, like the CME cash price, has firmed since early last week. Contacts expect the butter price to trend higher through August and September, but the rate of projected increase and how high it will be are open for debate. Churning activity is down seasonally, but butter stocks are more than ample to meet current and some long-term needs. Current demand for packaged butter is seasonally slow and hindered by the continued high retail prices noted around the region. Sales are best when retail features are in effect. Food service orders are steady. Eastern butter production is light. Some plants that can be selling their cream rather than start up their churns. Others have commitments to meet and continue to churn. Sales of bulk butter, f.o.b. East, are reported in a range of flat market to 4 cents over the CME price/average.

CENTRAL

Butter prices continue to increase gradually. Most producers and handlers are not surprised at the increases, especially when one looks at the calendar and realizes that this is typically the time of the summer when this trend occurs. Cream supplies have tightened. Most butter operations are not getting the volumes of cream to maintain full production schedules. Stocks of butter continue to run heavier than last year at this time, although often, current production is not keeping pace with

demand and inventoried stocks are being used to fill needs. Buying interest remains fair. Most orders are being placed for short term needs. Often, retail orders are being enhanced by feature activity. Food service orders are seasonally active as the summer vacation season continues. Bulk butter for spot sale is selling in a range of flat - 2 cents per pound over various pricing basis. Spot sales of butter are less active, especially as producers and handlers hold with confidence their inventories for use later this year.

WEST

Fresh butter supplies are beginning to tighten up as milk declines seasonally. Retail sales are improving, but retail prices are not reflecting many of the wholesale price declines noted. Food service orders are listed as good. Cream demand from ice cream plants is beginning to improve. Cream suppliers are seeing that demand for cream has improved dramatically over the past week. Some contacts are a bit surprised at the swiftness of the change in the market. Stocks of storage butter are heavier than desired. Weekly CME purchases totaled 662,000 pounds for last week. Stocks now stand at 148.4 million pounds compared to 71.7 million pounds last year. In the vast majority of previous years, stocks declined on a regular basis at this point in time. Current prices for bulk butter range from 5 cents under to flat market based on the CME with various time frames and averages.

NASS DAIRY PRODUCT PRICES
U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY	MILKFAT	
	40# BLOCKS	BARRELS 38% MOISTURE				CLASS II	ALL CLASSES
JUL 27	1.0749 7,964,943	1.0730 11,835,796	0.9043 24,851,753	1.0124 3,495,971	0.1543 14,490,348	1.3551 2,450,396	1.3420 4,083,131

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are steady to lower and the market tone is mixed. Prices at the CME had fallen to \$1.0175 for blocks and \$1.03 for barrels before increasing rather sharply in Friday's (7/16) trading. Therefore, traders expect the weekly average price to be up significantly this week and many are ordering extra volumes this week. Producers, not wanting to be "picked off," are often limiting orders to normal volumes. Cheese production in the Northeast is slowing as many producers have cut back to five days a week because of the tightening milk supply. Also, the yields on the available milk are seasonally low. Demand is about steady for cheddar, slower than expected for mozzarella.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.1225-1.6175
Cheddar Single Daisies	:	1.0800-1.5400
Cheddar 40# Block	:	1.1975-1.4200
Process 5# Loaf	:	1.2500-1.4300
Process 5# Sliced	:	1.2700-1.5425
Muenster	:	1.2825-1.4900
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is firmer, though still with an unsettled undertone. Current cash prices at the Chicago Mercantile Exchange have rebounded from recent lows. Some buyers still question if all the recent advance is fully justified based on supply and demand. Some improvement in demand is noted where buyers are trying to make purchases before recent price increases get passed on. However, natural demand/business continues to struggle at many locations. Some processors continue to balance commercial account sales with offerings to CCC, including additional product under the price support program. Cheese production within the region continues to edge lower due to continued heat and humidity in the region and low summer fat and protein levels in incoming milk supplies. In instances, plant operators are also receiving reduced (none) milk volumes from bottlers.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.2200-1.5400
Brick And/Or Muenster 5#	:	1.5100-1.6200
Cheddar 40# Block	:	1.4325-2.1150
Monterey Jack 10#	:	1.6850-2.1150
Blue 5#	:	1.8125-2.2100
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.3650-2.2150
Grade A Swiss Cuts 6 - 9#	:	1.8000-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	JULY 29 - AUGUST 2, 2002
BARRELS*	:	\$1.0500 - 1.1350 (NOMINAL)
	:	(\$.0050) (.0450)
40# BLOCKS	:	\$1.0875 - 1.1700 (NOMINAL)
	:	(\$.0200) (.0525)

() Change from previous week. * If steel, barrel returned.

WEST

Natural and process cheese prices moved lower this week, but are expected to rebound next week based on current trading levels at the CME. The market tone is quite mixed in the Western region. Some buyers are increasing orders due to recent price increases. Other buyers, however, continue to make only replacement purchases with the assumption that prices may soften again this summer. Some good, mid-summer features are noticed on natural styles. Sellers also seem to be unsure how to proceed. Some are asking premiums to the market if they believe a bottom has been put in and the market is poised to increase further. Others, probably with larger inventory levels on hand, continue to discount cheese to keep it moving. Most are unsure how much cheese will actually clear to the price support program when all is said and done. Production continues to decline seasonally at expected rates.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.1925-1.4525
Cheddar 40# Block	:	1.1800-1.3200
Cheddar 10# Cuts	:	1.3600-1.5800
Monterey Jack 10#	:	1.3700-1.5350
Grade A Swiss Cuts 6 - 9#	:	2.2600-2.4100

FOREIGN

Prices are unchanged on the imported side, lower for domestically made types. The market tone is seasonally slow. Supplies of most types of imported and/or foreign type cheeses are more than adequate for the generally slow to fair demand. Early in July, the EU did announce an increase in their export refund or subsidy rate for cheese exported to the U.S. Cheese output in the EU is lighter as existing stocks are already heavy and prices are low.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
	:	:
Roquefort	:	TFEWR : -0-
Blue	:	2.6400-3.1400 : 1.4200-2.9100*
Gorgonzola	:	3.2400-5.9400 : 1.9400-2.4900*
Parmesan (Italy)	:	TFEWR : 2.8400-2.9200*
Romano (Italy)	:	2.1000-3.1900 : -0-
Provolone (Italy)	:	3.4400-5.5000 : 1.4275-1.6525*
Romano (Cows Milk)	:	-0- : 2.6175-4.7975*
Sardo Romano (Argentina)	:	2.8500-3.2900 : -0-
Reggianito (Argentina)	:	2.6900-3.2900 : -0-
Jarlsberg-(Brand)	:	2.7500-3.6900 : -0-
Swiss Cuts Switzerland	:	-0- : 2.3500-2.5500
Swiss Cuts Finnish	:	2.6000-2.8500 : -0-
Swiss Cuts Austrian	:	TFEWR : -0-
Edam	:	:
2 Pound	:	TFEWR : -0-
4 Pound	:	2.1900-2.8900 : -0-
Gouda, Large	:	TFEWR : -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	:	27.8000-31.7000 : -0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE
CENTERSD POUNDS - INCLUDING GOVERNMENT STOCKS

BUTTER : CHEESE

	:	:
07/29/02	72,558	: 140,126
07/01/02	70,355	: 140,061
CHANGE	2,203	: 65
% CHANGE	3	: N.C.

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	49	0	48	0	0	0
SOUTHEAST STATES	0	0	0	0	42	0

Hot weather continues to blanket the East. Temperatures in the 90's are reported from Vermont to Florida and the heat and humidity is taking its toll on the cows. Milk output is falling and yields are declining. Contacts are concerned that the heat and drought conditions' impact current supply situations, but also long term effects will be seen later in the year when good quality hay, silage, and home-grown grain supplies tighten. Further, milk producers are facing lower milk prices in the next couple months. Fluid milk supplies are tighter throughout the region. Bottled milk sales are steady at generally fair levels as first of the month needs are being filled in some areas. Some Southern schools will be opening next week, but milk lunch programs may not get going until the week of August 12. Florida's need for milk was little changed, but Class I orders were slower and some of this week's imports may have to be carried over for this weekend's bottling. Manufacturing plant schedules are lighter from north to south. Very little manufacturing is occurring in the Southeast and what there is, is mostly on weekends. In the Middle Atlantic and more northern areas, plants are cutting back on operations and some plants had to cut cream and condensed orders due to not having enough milk. The condensed skim market and prices are little changed, but availability is tightening. Demand is steady for contracts, fair on the spot side of the market. The fluid cream market is firm. Prices are generally higher, but declines in multiples did reflect an occasional lower price in the Northeast. Cream supplies are tight and some plants were unable to fill all their cream orders. This did cause traders/supplies to go out on "the market" to find spot loads. According to cream suppliers, cream cheese producers are taking contracted volumes, but making few spot purchases this week. Ice cream output is seasonally heavy, but spot cream availability is, at times, a problem if additional volumes are needed. Bottled cream sales are slower. Churning activity is limited.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.3940-1.4899
DELIVERED EQUIVALENT ATLANTA	-	1.4059-1.5213 M 1.4164-1.4689
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.3745-1.4899

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .9200-1.0300
NORTHEAST- CLASS III - SPOT PRICES	- .8000- .9300

M I D W E S T

Heat and humidity continues to blanket much of the Midwest. The elevated temperatures continue to impact milk production as cows try to keep cool as well as the condition of crops. While temperatures cooled off for a couple days, the heat soon resumed and any rebound in receipts quickly disappeared. Spotty precipitation continues to add to the unevenness in crop conditions. Class I demand is steady to occasionally improved. Loads of milk from the region started to move to fill Southeast/Florida needs though volumes are very limited. Handlers are also working to get their milk qualified under the various

federal milk orders for the new year that begins August 1. Handlers are also preparing to adjust routes to eliminate co-mingled (non-Grade A) milk supplies in anticipation of increased Class I sales, both locally and perhaps out of area. Manufacturing milk demand is very good, bolstered by stronger cheese prices and reduced volumes available for sale. On a light test, spot manufacturing milk prices range from \$1.50 to \$2.00 over class. Cream demand is good, especially from ice cream accounts, though the usual difference is noted between early week and weekend prices and supplies. Condensed skim prices range from \$0.92 to \$1.05, with good demand noted from cheese accounts to help bolster yields. Current plant milk intakes are about steady to slightly lower. Fat tests on incoming milk loads under 3.5% test are not uncommon and total solid tests under 12% are occurring.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JULY 25 - 31	PREVIOUS YEAR
SLAUGHTER COWS	\$ 35.00- 40.00	\$ 43.00- 48.00
REPLACEMENT HEIFER CALVES	\$350.00-480.00	\$460.00-550.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JULY 25 - 31	PREVIOUS YEAR
SLAUGHTER COWS	\$ 35.00- 43.50	\$ 43.00- 52.25

W E S T

Milk production in CALIFORNIA has rebounded significantly from the heat induced problems of two weeks ago. Many are commenting that it is very comfortable and often slightly below normal in temperature. Load weights are only down by small percentages. Most forecasts indicate that this trend will continue. Demand for CREAM has picked up noticeably in a very short time period. Some ice cream operations were almost in panic mode looking for additional loads of cream in California. Feed prices are increasing, but many milk producers have needs contracted out at fixed prices. Hay supplies are available and prices are generally holding steady for dairy quality hay. Feeder hay prices are weaker as supplies are pushed higher by more summer hay becoming available. Exporters are looking for heavy volumes of hay. Heifer prices are down about \$200 in the region. Relatively cool temperatures are common over the PACIFIC NORTHWEST. Milk supplies range from stable to declining slowly. Moisture has been lacking so that pasture quality is declining. Some hay growers are starting to cut their third crop of hay. Supplies look adequate and prices are generally sideways. Anecdotal reports indicate that more milk producers are falling behind on paying for finished feed and commodities. Banks are also reviewing feed loans and are often pulling money back out of lines of credit. Producers are looking at using more hay than grain. The milk-feed price report for July indicates the lowest ratio in five years. This could lead to shrinking milk supplies. Temperature conditions in UTAH and IDAHO are reported to be close to normal. Some scattered shower activity was even noted. The corn for silage crop looks very good and there should be enough water to reach maturity. Milk output has held almost steady in the past few weeks. Plant intakes are down somewhat, but not sharply. A new NDM dryer has been started in the region last month. Average heifer prices at one weekly sale in Idaho have declined \$310 in the last seven weeks to \$1340. The top animal at the sale has declined from \$2140 to \$1830 over the same period of time.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are unchanged to higher on a steady to firm market. Trading activity on low and high heat product is slow. Plant closures due to maintenance and lower milk volumes are reducing available low heat NDM supplies. Lighter production schedules on low heat product are encouraging more high heat production. Some plants anticipate offering more high heat product in the next few weeks. Some inquiries are noted from typical end users such as cheese, blenders and brokers. Central region NDM again cleared into the CCC for the current week.

EAST: The market tone is firming. Prices are often higher. The base price for a national marketing agency did increase approximately .25 cents from July's base. No Eastern NDM was offered to CCC this week. In fact, some NDM that was earmarked for CCC was sold in commercial channels. Demand is improving and supplies at Eastern plants are in much better balance. In some instances, producers supplemented local stocks with powder from the West. Production levels are lighter as surplus milk volumes are declining along seasonal patterns. Producers report that condensed skim sales remain fair to good, which further reduces drying schedules. Milk is being shipped to Florida and other areas of the Southeast to meet Class I needs and these volumes are expected to increase as we move through August. Surplus milk supplies have tightened so much that some butter/powder plants have greatly cut back operations. Spot sales are light to moderate as buyers still look for bargains, but fewer seem to be offered.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .9000 - .9600 MOSTLY: .9200 - .9400

HIGH HEAT: .9575 - 1.0100

NONFAT DRY MILK - WEST

Low/medium heat prices are beginning to show some price strength as we move into the fall season. Discounts are not as readily available and some producers are asking more for current production. More questions about the DEIP program and a possible tilt are noted this week. More loads of powder are moving from the West coast to Eastern parts of the country as output out there declines more sharply. Output generally across the region is moving seasonally lower. However, reports out of California indicate that weather conditions are so moderate that milk has rebounded to levels almost as high as before the real hot spell of a few weeks ago. For the week of July 22-26, CCC net purchases totaled 11.8 million pounds. Of that total, 11.1 million pounds originated in the Western region. Demand for high heat powder is increasing. Plants are better able to meet this demand because they now have dryer time available to produce this product. Some report being a couple of weeks behind on orders.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .8800 - .9575 MOSTLY: .9000 - .9050

HIGH HEAT: .9250 - .9400

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
July 26	\$.9003	15,059,509	9,076,788
July 19	\$.8999	13,914,343	7,831,326

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

DRY BUTTERMILK - CENTRAL

Prices are unchanged and nominal. The market tone is steady at best. While some plants are reportedly in a balanced position, other locations are holding loads to clear from as much as 4 months ago. Production is generally lower in response to reduced milk supplies and decreased butter churn activity. Condensed buttermilk is readily clearing into ice cream facilities for the less than seasonal interest. Feed grade buttermilk is readily available and open to bids. Prices for report 31 in 2001 were 1.0350 - 1.1400.

F.O.B. CENTRAL:

.7900 - .8700

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices and the market tone are unchanged. Eastern prices remain nominal. Production levels are lighter as churning activity has slowed to almost nil in the East. Producer stocks are moderate by volume, but heavier than desired. Demand is fair and often lighter than some contacts expect during summer when fat supplies are tighter.

F.O.B. NORTHEAST:

.7600 - .8350

DELVD SOUTHEAST:

.7800 - .8650

DRY BUTTERMILK - WEST

As prices continue to decline, sales activity is improving. Buyers are finally showing some interest as prices move below the mid-70's mark. A number of producers are stating that they are finally getting to a more comfortable level on their inventories. They are surprised at how long it has taken this year and how low prices have had to go. Current production is declining more rapidly as less cream is available for churning activity.

F.O.B. WEST:

.7200 - .7800 MOSTLY: .7250 - .7500

DRY WHOLE MILK - NATIONAL

Prices are nominal and unchanged. The market tone is steady. Production levels are light and still geared to filling contracts. However, with surplus milk supplies as tight as they are, some producers are having trouble meeting shipping schedules. Producer stocks are light and spot demand is slow.

F.O.B. PRODUCING PLANT:

1.1150 - 1.2000

WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Prices are unchanged to higher on a steady to firm market. Spot trading is nominal. Supplies are tight yet buyers are generally not interested in paying premium prices and sellers are not forcing prices higher. However, some plants are shorting contractual shipments due to decreased production schedules and lower milk volumes. With an undertone of firming prices, some contractual buyers are requesting additional loads. Condensed whey supplies are in balance with demand. Mostly prices for report 31 in 2001 were .2925 - .2975.

F.O.B. CENTRAL: .1525 - .1650 MOSTLY: .1525 - .1575

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are little changed, but the market tone is firming. Eastern producers continue to report lighter output and closely balanced supplies. The hot weather is having an impact on dryer efficiencies. Couple this with tighter milk supplies and there have been several instances of producers delaying contract shipments. There is growing spot interest as most producers report getting more inquiries. Buyers and traders feel that the market is starting to turn and may be looking to put a little away before prices start to increase. However, producers are holding any spot loads with more confidence. Traders continue to report that demand is still not aggressive enough to force prices too much higher, but some resale loads were noted at a premium. Production of dry whey in the East is steady to lighter as most cheese makers are seeing less milk come into their plants.

F.O.B. NORTHEAST:	EXTRA GRADE	.1550 - .1650
	USPH GRADE A	.1750 - .1875
DELVD SOUTHEAST:		.1800 - .1950

DRY WHEY - WEST

Western whey prices range from steady to fractionally higher. There doesn't seem to be as much downward pressure on prices at this time. As production declines seasonally, more producers are stating that their inventories are in much better shape. Some are even stating that they are holding some whey powder with more confidence at this time. Buyers seem to be a little more active in acquiring powder. They are commenting that they don't think that there is much more room for price weakness and that a bottom may have been put in the market. They follow that up by stating that only time will tell.

NONHYGROSCOPIC: .1350 - .1600 MOSTLY: .1400 - .1500

ANIMAL FEED WHEY - CENTRAL

The market tone is mostly steady. Interest in milk replacer product is good for the limited supplies with prices reported slightly higher. Hot and humid weather are hampering production of roller ground and delactose and thereby decreasing supplies. However, reduced demand and competitive substitutes equally offset any supply deficiencies. Delactose demand into the edible market is good. Prices on milk replacer, roller ground and delactose for report 31 in 2001 were respectively .2425 - .2650, .2800 - .3000, .4150 - .4300.

F.O.B. CENTRAL:	
MILK REPLACER:	.1450 - .1500
ROLLER GROUND:	.1450 - .1850
DELACTOSE (Min. 20% protein):	.3500 - .3650

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged to lower on a weak market. CCC NDM sell back prices are being used as heavy bargaining tools by some buyers. Producers holding heavier supplies are competing with NDM sell back prices and competitive high protein products, resulting in lower prices for Extra Grade WPC 34% into feed markets. However, edible interest is improved with some producers garnering premium prices from nutraceutical and ice cream facilities. Export inquiries are noted. Production and milk solid content are reportedly steady to lower. Some plants are canceling commitments due to lower than expected supplies. With decreasing milk volumes and school sessions to soon commence, plants anticipate WPC 34% production to continue to decrease. Some feed buyers are contemplating contracts for the remainder of the year yet the looming possibility of another sell back is hindering decisions in this realm. Mostly prices for report 31 in 2001 were .7700 - .8000.

F.O.B. EXTRA GRADE 34% PROTEIN: .4000 - .4600 MOSTLY: .4250 - .4300

LACTOSE - CENTRAL AND WEST

Prices are unchanged on a weak market. Spot trading activity is generally light. Supplies are mixed. Some firms still have loads to clear and are offering at prices below the average or opting to store product. Plants that are well-contracted are able to gain spot sales at a slight premium for the light to fair interest. Domestic demand is slow with most inquiries noted by feed buyers and brokers. Export trade is fair into Asia and light elsewhere. Off grade supplies are readily available at prices below the range. Permeate is a competitive substitute for lactose into feed markets. Mostly prices for report 31 in 2001 were .1950 - .2200.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .1350 - .2250 MOSTLY: .1450 - .1700

CASEIN - NATIONAL

Casein markets remain weak with prices unchanged to lower. For the most part, rennet and acid stocks are available for buyer needs, although some rennet sources are indicating a tightening in supply. Most buyers continue to purchase for near term needs. Oceania sources and domestic buyers continue to monitor the changing situations in Europe pertaining to another manufacturing aid increase. This is the third adjustment (increase) in recent months. The current increase was about 20% and now is at 58.6 euros per ton.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	2.0000 - 2.1500
ACID:	1.8000 - 2.0000

EVAPORATED MILK - NATIONAL

Prices are unchanged and the market tone is steady. Sales remain seasonally slow and often for replacement needs. Milk supplies are tighter, but class prices are much lower than year ago levels. Producer stocks are moderate to heavy, but this is typical for this time of year when sales are slower than output.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$18.50 - 31.00

Excluding promotional and other sales allowances. Included new price announcements.

CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	07/17	07/18	07/19	07/22	07/23	07/24	07/25	07/26	07/29	07/30
CME - (CLASS III) MILK FUTURES -- Dollars per cwt										
JUL 02	9.35 (3112) 22	9.35 (3113) 3	9.35 (3112) 1	9.35 (3122) 3	9.36 (3122) 1	9.36 (3111) 30	9.35 (3062) 64	9.35 (3040) 35	9.35 (3039) 0	9.35 (3039) 2
AUG 02	10.20 (2911) 41	10.06 (2943) 57	9.95 (2946) 24	9.75 (2987) 85	9.35 (2930) 96	9.25 (3261) 419	9.29 (3259) 55	9.57 (3282) 7	9.60 (3298) 55	9.60 (3473) 213
SEP 02	11.65 (3201) 68	11.63 (3232) 128	11.35 (3266) 87	10.96 (3270) 99	10.40 (3319) 155	10.10 (3505) 219	10.18 (3505) 105	10.79 (3478) 59	10.75 (3483) 99	10.92 (3488) 112
OCT 02	11.71 (2282) 41	11.66 (2293) 43	11.46 (2361) 77	11.46 (2398) 86	11.31 (2431) 239	10.72 (2447) 104	10.82 (2461) 109	11.20 (2464) 25	11.16 (2475) 30	11.24 (2487) 54
NOV 02	11.74 (1265) 18	11.75 (1272) 29	11.55 (1289) 22	11.60 (1310) 28	11.55 (1373) 111	11.25 (1395) 63	11.34 (1403) 47	11.69 (1401) 12	11.68 (1423) 28	11.74 (1432) 60
DEC 02	11.61 (998) 16	11.52 (1005) 15	11.45 (1012) 8	11.52 (1028) 23	11.52 (1069) 67	11.36 (1078) 50	11.38 (1081) 24	11.60 (1086) 5	11.53 (1095) 19	11.60 (1096) 52
JAN 03	11.50 (219) 6	11.50 (225) 6	11.46 (226) 7	11.50 (229) 4	11.52 (236) 8	11.50 (258) 41	11.42 (259) 2	11.45 (263) 5	11.50 (265) 11	11.58 (282) 47
FEB 03	11.50 (210) 2	11.50 (210) 5	11.50 (212) 7	11.55 (212) 0	11.55 (219) 8	11.50 (235) 22	11.43 (236) 1	11.45 (237) 1	11.45 (246) 10	11.55 (267) 60
MAR 03	11.50 (136) 0	11.50 (136) 6	11.50 (139) 6	11.55 (139) 0	11.55 (145) 7	11.51 (161) 24	11.45 (164) 3	11.45 (164) 0	11.45 (173) 18	11.55 (188) 47
APR 03	11.40 (105) 0	11.40 (105) 5	11.40 (107) 6	11.45 (107) 0	11.47 (114) 8	11.45 (125) 19	11.43 (126) 2	11.44 (126) 1	11.44 (131) 7	11.53 (142) 31
MAY 03	11.50 (84) 0	11.50 (95) 12	11.48 (96) 4	11.48 (96) 0	11.48 (104) 9	11.48 (111) 16	11.44 (111) 1	11.44 (110) 1	11.47 (116) 8	11.54 (129) 26
JUN 03	11.85 (57) 0	11.85 (57) 1	11.75 (57) 2	11.75 (59) 3	11.75 (69) 11	11.65 (73) 4	11.58 (76) 3	11.50 (76) 0	11.50 (76) 1	11.50 (73) 17
JUL 03	12.15 (31) 0	12.15 (32) 1	12.05 (34) 2	12.05 (34) 0	12.05 (34) 0	12.05 (39) 6	12.00 (39) 0	12.00 (46) 12	12.00 (46) 1	12.00 (48) 2
AUG 03	12.09 (5) 0	12.09 (6) 1	12.05 (8) 2	12.05 (8) 0	12.05 (13) 5	12.10 (16) 5	12.10 (17) 1	12.10 (19) 2	12.10 (18) 1	12.10 (18) 1
SEP 03	12.10 (4) 0	12.10 (4) 0	12.10 (6) 2	12.10 (6) 0	12.10 (8) 2	12.10 (12) 4	12.10 (13) 1	12.10 (14) 2	12.10 (14) 0	12.10 (14) 1
OCT 03	12.05 (4) 0	12.05 (4) 0	12.05 (6) 2	12.05 (6) 0	12.05 (6) 0	12.05 (10) 4	12.00 (10) 0	12.00 (11) 5	12.00 (11) 0	12.00 (12) 1
CME - CLASS IV MILK FUTURES - Dollars per cwt.										
JUL 02	10.50 (513) 0	10.50 (513) 0	10.50 (513) 0	10.50 (513) 0	10.50 (513) 0	10.50 (513) 0	10.50 (513) 0	10.50 (513) 0	10.50 (513) 0	10.50 (513) 0
AUG 02	10.50 (471) 0	10.56 (471) 0	10.56 (471) 0	10.60 (471) 0	10.60 (478) 15	10.75 (478) 0	10.75 (478) 0	10.75 (478) 0	10.75 (478) 0	10.75 (478) 0
SEP 02	10.70 (425) 0	10.70 (425) 0	10.70 (425) 0	10.70 (425) 0	10.70 (425) 0	10.70 (425) 0	10.70 (425) 0	10.70 (425) 0	10.70 (425) 0	10.70 (425) 0
OCT 02	10.70 (383) 0	10.70 (383) 0	10.70 (383) 0	10.70 (383) 0	10.70 (383) 0	10.70 (383) 0	10.70 (383) 0	10.70 (383) 0	10.70 (383) 0	10.70 (383) 0
NOV 02	10.70 (283) 0	10.70 (283) 0	10.70 (283) 0	10.70 (283) 0	10.70 (283) 0	10.70 (283) 0	10.70 (283) 0	10.70 (283) 0	10.70 (283) 0	10.70 (283) 0
DEC 02	10.70 (130) 0	10.70 (130) 0	10.70 (130) 0	10.70 (130) 0	10.70 (130) 0	10.70 (130) 0	10.70 (130) 0	10.70 (130) 0	10.70 (130) 0	10.70 (130) 0
JAN 03	10.75 (51) 0	10.75 (51) 0	10.75 (51) 0	10.75 (51) 0	10.75 (51) 0	10.75 (51) 0	10.75 (51) 0	10.75 (51) 0	10.75 (51) 0	10.75 (51) 0
FEB 03	10.90 (38) 0	10.90 (38) 0	10.90 (38) 0	10.90 (38) 0	10.90 (38) 0	10.90 (38) 0	10.90 (38) 0	10.90 (38) 0	10.90 (38) 0	10.90 (38) 0
MAR 03	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0
APR 03	11.25 (2) 0	11.25 (2) 0	11.25 (2) 0	11.25 (2) 0	11.25 (2) 0	11.25 (2) 0	11.25 (2) 0	11.25 (2) 0	11.25 (2) 0	11.25 (2) 0
CME - BUTTER FUTURES -- Cents per pound										
JUL 02	102.00 (15) 5	102.00 (17) 2	106.00 (14) 0	106.00 (14) 0						
SEP 02	107.00 (378) 17	109.00 (380) 7	109.00 (380) 0	107.50 (380) 2	107.00 (381) 3	107.50 (381) 0	107.50 (383) 4	108.50 (382) 2	108.25 (381) 7	108.50 (381) 15
OCT 02	109.00 (315) 1	109.02 (314) 0	109.02 (314) 0	109.02 (314) 0	109.02 (315) 1	109.25 (315) 0	109.25 (314) 1	110.00 (314) 0	110.00 (314) 0	110.00 (329) 19
DEC 02	111.00 (66) 0	112.50 (66) 0	112.50 (66) 2	110.50 (68) 2	110.50 (68) 0	111.00 (68) 1	111.00 (68) 0	112.50 (68) 0	112.50 (68) 0	113.50 (68) 0
MAR 03	123.75 (28) 6	123.50 (28) 0	123.50 (28) 0	123.50 (28) 0	123.50 (31) 3	123.50 (31) 0	123.50 (31) 0	123.50 (31) 0	123.50 (31) 0	123.50 (39) 8
MAY 03	126.00 (20) 4	126.00 (20) 0	126.00 (20) 0	126.00 (20) 0	126.00 (20) 0	126.00 (20) 0	126.00 (20) 0	126.00 (20) 0	126.00 (20) 0	126.00 (20) 0
CME - NONFAT DRY MILK FUTURES -- Cents per pound										
JUL 02	90.00 (8) 0	90.00 (8) 0	90.00 (8) 0	90.00 (8) 0	90.00 (8) 0	90.00 (8) 0	90.00 (8) 0	90.00 (8) 0	90.00 (8) 0	90.00 (8) 0

1/ At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-224-5088.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered July 22 - August 2, 2002

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

OVERVIEW: WESTERN EUROPE: European milk production continues to decline seasonally. Up to this point, the decline has been gradual but some milk handlers indicate that recent hot temperatures will probably accelerate the drop. Milk volumes are reported to be readily available for most product production. Some milk handlers are indicating that, when possible, milk is being diverted away from cheese production due to heavier than desired inventories. Stocks of most manufactured dairy products are fully available for buyer needs. International buyer interest remains slow and unaggressive with most sales centering around internal or domestic needs. Some international sales activity is being reported, although these sales are often for minimal volumes with very near term delivery schedules. Some European traders are indicating that these sales opportunities will probably be short lived, especially referring to the end of the Oceania sales year and the start of their new milk production season. In Europe, surplus skim milk powder and butter continue to be offered to intervention. The third round of skim milk powder offerings under the tendering system has closed. As with the first two rounds of clearances, another 6000 metric tons of powder was accepted at a rate of 96.5% of full intervention value. This is 1% lower than the last offering and 2% lower than the first round. Traders and handlers continue to anticipate that offerings would become lighter as the milk production season winds down. Some are projecting that nearly 160,000 metric tons of powder will clear to intervention by the end of August. The next Management Committee meeting will be held on 29 August. Butter also continues to clear to intervention. From January through most of July, nearly 127,000 metric tons of butter has cleared to intervention. This is much higher than a year ago with most handlers anticipating offerings to continue.

BUTTER/BUTTEROIL: Butter markets remain basically steady at unchanged prices. Surplus butter continues to clear to intervention. For the first seven months of the year, 127,000 metric tons of butter has cleared to intervention. This volume is much heavier than recent years. Outside of intervention offerings, sales activity is slow and unaggressive. International sales are basically nonexistent with most sales occurring for internal or domestic needs.

82% BUTTERFAT:	1,000 - 1,200
99% BUTTERFAT:	1,250 - 1,350

SKIM MILK POWDER (SMP): Skim milk powder markets are generally steady at unchanged prices, although the undertone is slightly firmer. Recent subsidy adjustments are contributing to the firm tone. Surplus powder continues to clear to intervention under a tendering system. The third round of offerings has closed with another 6000 metric tons accepted at 96.5% of the full intervention value. This is 2% lower than first round offerings. At this point, about 129,000 metric tons are reported to be in intervention. Since intervention was filled, about 20,000 mt have been accepted under the tendering system.

1.25% BUTTERFAT:	1,200 - 1,300
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WHOLE MILK POWDER (WMP): Whole milk powder prices are unchanged, although the market tone is firm. Recent subsidy adjustments are causing some producers and handlers to consider slightly firmer prices, although buyer interest remains slow. This slightly firmer trend might stimulate buyer interest, but it is still early to acknowledge this fact.

26% BUTTERFAT:	1,250 - 1,350
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SWEET WHEY POWDER: Whey prices and market conditions remain basically unchanged. As milk production declines, manufacturers are looking for the best return for the available milk and cheese production is not where it is being placed. In light of reduced cheese production, whey volumes are also lower. Stocks are readily available for buyer needs with European prices still higher than most international buyers are willing to pay. Most sales activity is for internal or domestic needs.

NONHYGROSCOPIC:	375 - 470
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OVERVIEW: EASTERN EUROPE: Eastern European milk production continues to decline seasonally, although the decline is gradual. For the most part, milk volumes are heavier than last year. With heavier overall milk volumes, production of manufactured dairy products is quite active in comparison to previous years. Some international sales activity has been reported in recent weeks, but no significant new sales are being reported at this time. Stocks of manufactured dairy products are reported to be available for potential buyer needs. Eastern European producers are indicating that supplies are more available and, with the lack of international sales, Eastern European needs during the upcoming winter season from outside sources might not be as heavy as in past years.

OCEANIA

OVERVIEW: The 2002 - 2003 milk production season is about to begin in the Oceania region. Plants are being readied for the flow of milk that will start to arrive very soon. In New Zealand, a few plants are already gearing up production schedules as milk starts to be received. Early spring weather conditions are mixed in Australia and New Zealand. In Australia, lack of moisture is probably the biggest concern at this time. Winter conditions were dryer than usual, thus some milk producers anticipate pastures to take longer to get established. In New Zealand, too much moisture is causing pastures to be soggy and wet. Another factor that is facing producers in both countries is the lower milk prices that have been announced. The question among most producers is how will they manage lower payments. Some indicate that they will need to add additional animals to the herd to make up the difference. Adding animals to a milk herd is one solution, although many dairy plants are usually at or very near capacity during the production season, thus additional milk volumes will be difficult to handle. It is still too early to project what the upcoming season will bring, but producers and handlers are optimistic that the season will be positive and manageable. Current prices for manufactured dairy products are basically unchanged. Shipments and deliveries are occurring as projected. Stocks continue to decline as orders are filled from last season's production. Most handlers are pleased with their inventory situation as a new production season is about to begin. New season product prices are still mixed, although recent European subsidy adjustments will probably cause Oceania prices to remain at or possibly slightly lower than current quotes. Opinions are mixed about future dairy product prices and availability. Currently, most buyers are aware of the availability of dairy products in many parts of the world, but if the Oceania milk production season does not develop as positively as anticipated, this could put a firm tone on dairy product markets.

BUTTER: Oceania markets and prices are holding generally steady. Orders continue to be filled from inventoried stocks. Most handlers are comfortable with their supply situation as the 2002 - 2003 milk production season nears. Oceania handlers have mixed opinions on the upcoming season. Most feel that production will be in line with past seasons, but price is a major concern.

82% BUTTERFAT:	925 - 1,000
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CHEDDAR CHEESE: Cheese markets are generally unchanged, although the market tone and price trend are weak. Inventoried cheese stocks are sufficient to meet regular and ongoing customer needs, with handlers comfortable with the supply/demand situation. Cheese producers and handlers anticipate the new season to bring some marketing situations that may cause prices to decline further. Weak international trends have caused prices to decline and for Oceania stocks to remain competitive, these influences need to be considered.

39% MAXIMUM MOISTURE:	1,500 - 1,650
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SKIM MILK POWDER (SMP): Skim powder prices and market conditions are generally unchanged at this time. Orders continued to be filled from inventoried stocks and are reported to be sufficient to meet this need. Handlers have mixed opinions on opening season prices. A good portion of the first half of the upcoming production season has been spoken for, although the continued European subsidy adjustment is putting downward pressure on prices.

1.25% BUTTERFAT:	1,150 - 1,250
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WHOLE MILK POWDER (WMP): Whole milk powder markets and prices are steady as deliveries of last season's production continue. Stocks of powder are sufficient to fill these needs and handlers indicate that supplies are in balance with demand before the start of the new production season. Producers and handlers are looking forward to the new production with optimism.

26% BUTTERFAT:	1,200 - 1,275
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Exchange rates for selected foreign currencies: JULY 29, 2002

.6363 Canadian Dollar	.0205 Indian Rupee
.2740 Argentina Peso	.4690 New Zealand Dollar
.1031 Mexican Peso	.5412 Australian Dollar
1.5622 British Pound	.0083 Japanese Yen
.2414 Polish Zloty	.9801 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.1031)= 9.6993. That is 1 US Dollar equals 9.6993 Mexican Pesos.
Source: "Wall Street Journal"

MONTHLY SUMMARY AND AVERAGES FOR JULY 2002 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TIL)

COMMODITY	REPORT NUMBER 27	REPORT NUMBER 28	REPORT NUMBER 29	REPORT NUMBER 30	REPORT NUMBER 31	2002	2001
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	JUL 01 - 05	JUL 08 - 12	JUL 15 - 19	JUL 22 - 26	JUL 29 - 31	or Total	or Total
CHEESE							
MIDWEST COMMODITY CHEDDAR							
-- Cheddar Barrels	:: 1.0650 - 1.0875 ::	1.0850 - 1.0675 ::	1.0800 - 1.1200 ::	1.0450 - 1.0900 ::	1.0500 - 1.1350 ::	1.0762	1.6344
-- Cheddar 40# Blocks	:: 1.0750 - 1.1175 ::	1.0500 - 1.1025 ::	1.0900 - 1.1200 ::	1.0675 - 1.1175 ::	1.0875 - 1.1700 ::	1.0973	1.6845
WISCONSIN (WSP, Delivered, LTL)							
-- Process American 5# Loaf	:: 1.2525 - 1.5400 ::	1.2325 - 1.5400 ::	1.2500 - 1.5400 ::	1.2550 - 1.5400 ::	1.2200 - 1.5400 ::	1.3918	1.9349
-- Brick And/Or Munster 5#	:: 1.5100 - 1.6500 ::	1.5100 - 1.6325 ::	1.5100 - 1.6500 ::	1.5100 - 1.6475 ::	1.5100 - 1.6200 ::	1.5757	2.1273
-- Cheddar 40# Block	:: 1.4600 - 2.1150 ::	1.4425 - 2.1150 ::	1.4600 - 2.1150 ::	1.4600 - 2.1150 ::	1.4325 - 2.1150 ::	1.7836	2.0475
-- Monterey Jack 10#	:: 1.6900 - 2.1150 ::	1.6900 - 2.1150 ::	1.6900 - 2.1150 ::	1.6900 - 2.1150 ::	1.6850 - 2.1150 ::	1.9022	2.2160
-- Blue 5#	:: 1.8425 - 2.2100 ::	1.8250 - 2.2100 ::	1.8425 - 2.2100 ::	1.8400 - 2.2100 ::	1.8125 - 2.2100 ::	2.0219	2.5131
-- Mozzarella 5 - 6#	:: 1.3950 - 2.2150 ::	1.3775 - 2.2150 ::	1.3950 - 2.2150 ::	1.3925 - 2.2150 ::	1.3650 - 2.2150 ::	1.8007	2.1108
-- Grade A Swiss Cuts 6 - 9#	:: 1.8000 - 2.6850 ::	1.8000 - 2.6850 ::	1.8000 - 2.6850 ::	1.8000 - 2.6850 ::	1.8000 - 2.6850 ::	2.2425	2.5475
NORTHEAST (WSP, Delivered, LTL)							
-- Cheddar 10# Prints	:: 1.1525 - 1.6375 ::	1.1350 - 1.6200 ::	1.1525 - 1.6375 ::	1.1500 - 1.6350 ::	1.1225 - 1.6175 ::	1.3870	1.9485
-- Cheddar Single Daisies	:: 1.1100 - 1.5700 ::	1.0925 - 1.5525 ::	1.1100 - 1.5700 ::	1.1075 - 1.5675 ::	1.0800 - 1.5400 ::	1.3314	1.9020
-- Cheddar 40# Block	:: 1.2300 - 1.4400 ::	1.2125 - 1.4225 ::	1.2300 - 1.4400 ::	1.2275 - 1.4475 ::	1.1975 - 1.4200 ::	1.3280	1.9008
-- Process 5# Loaf	:: 1.2825 - 1.4650 ::	1.2625 - 1.4425 ::	1.2800 - 1.4600 ::	1.2825 - 1.4625 ::	1.2500 - 1.4300 ::	1.3632	1.9146
-- Process 5# Sliced	:: 1.3025 - 1.5775 ::	1.2825 - 1.5550 ::	1.3000 - 1.5725 ::	1.3025 - 1.5750 ::	1.2700 - 1.5425 ::	1.4294	1.9833
-- Munster	:: 1.3125 - 1.5200 ::	1.2950 - 1.5025 ::	1.3125 - 1.5200 ::	1.3100 - 1.5175 ::	1.2825 - 1.4900 ::	1.4076	1.9783
-- Grade A Swiss Cuts 10 - 14#	:: 2.3500 - 2.5500 ::	2.3500 - 2.5500 ::	2.3500 - 2.5500 ::	2.3500 - 2.5500 ::	2.3500 - 2.5500 ::	2.4500	2.4500
WEST COAST (WSP, Delivered, LTL)							
-- Process 5# Loaf	:: 1.2250 - 1.4850 ::	1.2025 - 1.4625 ::	1.2200 - 1.4800 ::	1.2250 - 1.4850 ::	1.1925 - 1.4525 ::	1.3443	1.9025
-- Cheddar 40# Block	:: 1.2100 - 1.3500 ::	1.1925 - 1.3325 ::	1.2100 - 1.3500 ::	1.2075 - 1.3475 ::	1.1800 - 1.3200 ::	1.2714	1.8713
-- Cheddar 10# Cuts	:: 1.3900 - 1.6100 ::	1.3725 - 1.5925 ::	1.3900 - 1.6100 ::	1.3875 - 1.6075 ::	1.3600 - 1.5800 ::	1.4914	2.0800
-- Monterey Jack 10#	:: 1.4000 - 1.5650 ::	1.3825 - 1.5475 ::	1.4000 - 1.5650 ::	1.3975 - 1.5625 ::	1.3700 - 1.5350 ::	1.4739	2.0800
-- Grade A Swiss Cuts 6 - 9#	:: 2.2800 - 2.4300 ::	2.2600 - 2.4100 ::	2.2600 - 2.4100 ::	2.2600 - 2.4100 ::	2.2600 - 2.4100 ::	2.3386	2.4450
FLUID AND DRY PRODUCTS							
SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)							
-- Northeast - f.o.b	:: 1.2570 - 1.4246 ::	1.4212 - 1.4630 ::	1.3532 - 1.4129 ::	1.3680 - 1.4693 ::	1.3940 - 1.4899 ::	1.4049	2.5378
-- Atlanta - dlv'd equiv.	:: 1.2780 - 1.4456 ::	1.4212 - 1.4630 ::	1.3532 - 1.4328 ::	1.3680 - 1.4794 ::	1.4059 - 1.5213 ::	1.4151	2.5206
-- Upper Midwest - f.o.b	:: 1.3199 - 1.4665 ::	1.3035 - 1.4630 ::	1.3333 - 1.4129 ::	1.3274 - 1.4389 ::	1.3745 - 1.4899 ::	1.3894	2.5631
PRICES OF CONDENSED SKIM- NORTHEAST (\$ per lb. wet solids) - f.o.b							
-- Class II	:: 0.9200 - 1.0250 ::	0.9200 - 1.0300 ::	0.9200 - 1.0300 ::	0.9200 - 1.0300 ::	0.9200 - 1.0300 ::	0.9745	1.0995
-- Class III	:: 0.7500 - 0.9800 ::	0.8500 - 0.9800 ::	0.8000 - 0.9300 ::	0.8000 - 0.9300 ::	0.8000 - 0.9300 ::	0.8723	0.9293
NATIONAL EVAPORATED MILK (\$ per Case)							
(Case - 48 - 12 fluid oz cans)							
-- Delivered Mj or U.S. Cities	:: 18.5000 - 31.0000 ::	18.5000 - 31.0000 ::	18.5000 - 31.0000 ::	18.5000 - 31.0000 ::	18.5000 - 31.0000 ::	24.7500	27.5000

MONTHLY SUMMARY AND AVERAGES FOR JULY 2002 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TIL)

COMMODITY	REPORT NUMBER 27 JUL 01 - 05	REPORT NUMBER 28 JUL 08 - 12	REPORT NUMBER 29 JUL 15 - 19	REPORT NUMBER 30 JUL 22 - 26	REPORT NUMBER 31 JUL 29 - 31	2002 Average or Total	2001 Average or Total
DRY PRODUCTS							
NONFAT DRY MILK							
-- Central And East (f.o.b.)							
-- Low/Medium Heat	0.8950 - 0.9500	0.9000 - 0.9500	0.9000 - 0.9800	0.9000 - 0.9800	0.9000 - 0.9800	0.9275	N A
-- Mostly	0.9000 - 0.9200	0.9000 - 0.9200	0.9000 - 0.9200	0.9000 - 0.9200	0.9200 - 0.9400	0.9127	N A
-- High Heat	0.9500 - 1.0000	0.9500 - 0.9825	0.9500 - 1.0100	0.9500 - 1.0100	0.9575 - 1.0100	0.9765	N A
-- West (f.o.b.)							
-- Low/Medium Heat	0.8700 - 0.9575	0.8700 - 0.9575	0.8700 - 0.9575	0.8700 - 0.9575	0.8800 - 0.9575	0.9144	0.9598
-- Mostly	0.8950 - 0.9025	0.8950 - 0.9025	0.8950 - 0.9025	0.8950 - 0.9025	0.9000 - 0.9050	0.8993	0.9550
-- High Heat	0.9200 - 0.9400	0.9200 - 0.9400	0.9200 - 0.9400	0.9200 - 0.9400	0.9250 - 0.9400	0.9303	1.0210
WHEY POWDER (Nonhygroscopic)							
-- Central (f.o.b.)	0.1500 - 0.1600	0.1500 - 0.1625	0.1500 - 0.1625	0.1500 - 0.1650	0.1525 - 0.1650	0.1566	0.2964
-- Mostly	0.1525 - 0.1575	0.1525 - 0.1575	0.1525 - 0.1575	0.1525 - 0.1575	0.1525 - 0.1575	0.1550	0.2950
-- West (f.o.b.)	0.1400 - 0.1600	0.1300 - 0.1600	0.1225 - 0.1575	0.1350 - 0.1550	0.1350 - 0.1600	0.1451	0.2707
-- Mostly	0.1450 - 0.1500	0.1400 - 0.1500	0.1375 - 0.1500	0.1400 - 0.1500	0.1400 - 0.1500	0.1452	0.2701
-- Northeast Extra Grade (f.o.b.)	0.1550 - 0.1650	0.1550 - 0.1650	0.1550 - 0.1650	0.1550 - 0.1650	0.1550 - 0.1650	0.1600	0.2975
-- Northeast Upsh Grade A(f.o.b.)	0.1700 - 0.1875	0.1700 - 0.1875	0.1700 - 0.1875	0.1750 - 0.1875	0.1750 - 0.1875	0.1797	0.3000
-- Southeast Extra Grade (Delvd)	0.1800 - 0.1900	0.1800 - 0.1900	0.1800 - 0.1900	0.1800 - 0.1950	0.1800 - 0.1950	0.1859	0.3292
WHEY PROTEIN CONCENTRATE							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	0.4175 - 0.4650	0.4175 - 0.4650	0.4175 - 0.4650	0.4100 - 0.4600	0.4000 - 0.4600	0.4383	0.7925
-- Mostly	0.4350 - 0.4475	0.4300 - 0.4475	0.4300 - 0.4475	0.4250 - 0.4400	0.4250 - 0.4300	0.4363	0.7893
ANIMAL FEED - WHEY							
-- Central (f.o.b.)							
-- Milk Replacer	0.1350 - 0.1475	0.1400 - 0.1475	0.1350 - 0.1475	0.1400 - 0.1500	0.1450 - 0.1500	0.1435	0.2629
-- Roller Ground	0.1450 - 0.1850	0.1450 - 0.1850	0.1450 - 0.1850	0.1450 - 0.1850	0.1450 - 0.1850	0.1650	0.2925
-- Delactose	0.3500 - 0.3650	0.3500 - 0.3650	0.3500 - 0.3650	0.3500 - 0.3650	0.3500 - 0.3650	0.3575	0.4225
BUTTERMILK (Mn. 30% protein)							
-- Central (f.o.b.)	0.8000 - 0.8500	0.8000 - 0.8500	0.8000 - 0.8500	0.7900 - 0.8700	0.7900 - 0.8700	0.8268	1.0942
-- West (f.o.b.)	0.7500 - 0.8000	0.7100 - 0.7950	0.7300 - 0.7950	0.7200 - 0.7950	0.7200 - 0.7800	0.7597	1.0390
-- Mostly	0.7600 - 0.7800	0.7400 - 0.7600	0.7400 - 0.7600	0.7300 - 0.7500	0.7250 - 0.7500	0.7497	1.0331
-- Northeast (f.o.b.)	0.7600 - 0.8350	0.7600 - 0.8350	0.7600 - 0.8350	0.7600 - 0.8350	0.7600 - 0.8350	0.7975	1.0525
-- Southeast (Delvd)	0.7800 - 0.8650	0.7800 - 0.8650	0.7800 - 0.8650	0.7800 - 0.8650	0.7800 - 0.8650	0.8225	1.1200
WHOLE MILK POWDER							
-- National (f.o.b.)	1.1150 - 1.1900	1.1150 - 1.2000	1.1150 - 1.2000	1.1150 - 1.2000	1.1150 - 1.2000	1.1566	1.5325
LACTOSE							
-- Central And West (f.o.b.)	0.1400 - 0.2250	0.1400 - 0.2250	0.1400 - 0.2250	0.1350 - 0.2250	0.1350 - 0.2250	0.1816	0.2183
-- Mostly	0.1500 - 0.1700	0.1500 - 0.1700	0.1500 - 0.1700	0.1450 - 0.1700	0.1450 - 0.1700	0.1591	0.2075
CASEIN - Edible - National (f.o.b.)							
-- Nonrestricted - Remet	2.0500 - 2.2500	2.0500 - 2.1500	2.0500 - 2.1500	2.0500 - 2.1500	2.0000 - 2.1500	2.1057	2.5924
-- Nonrestricted - Acid	1.8000 - 2.1000	1.8000 - 2.0000	1.8000 - 2.0000	1.8000 - 2.0000	1.8000 - 2.0000	1.9091	2.5667

1/ Prices for all products are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing.

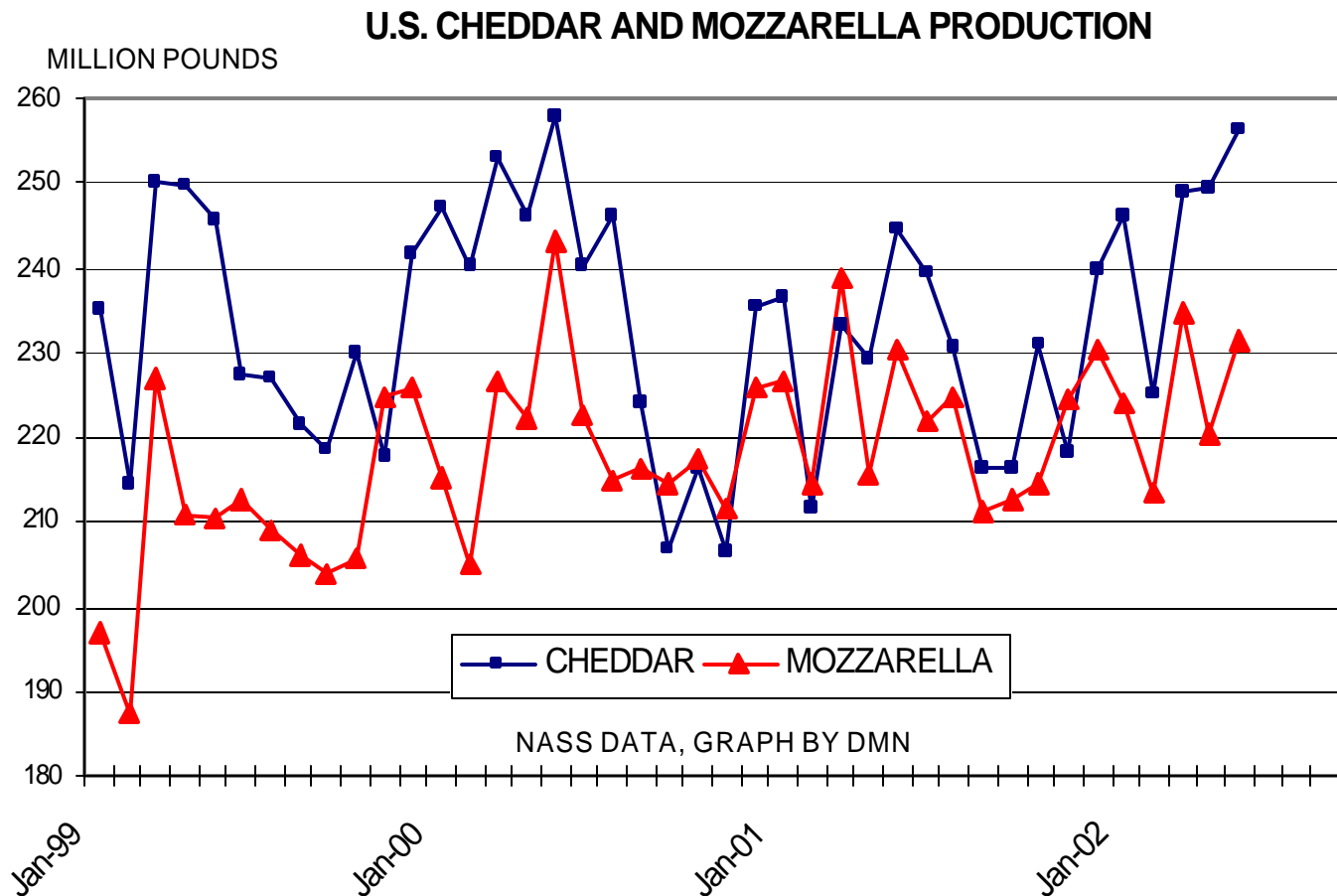
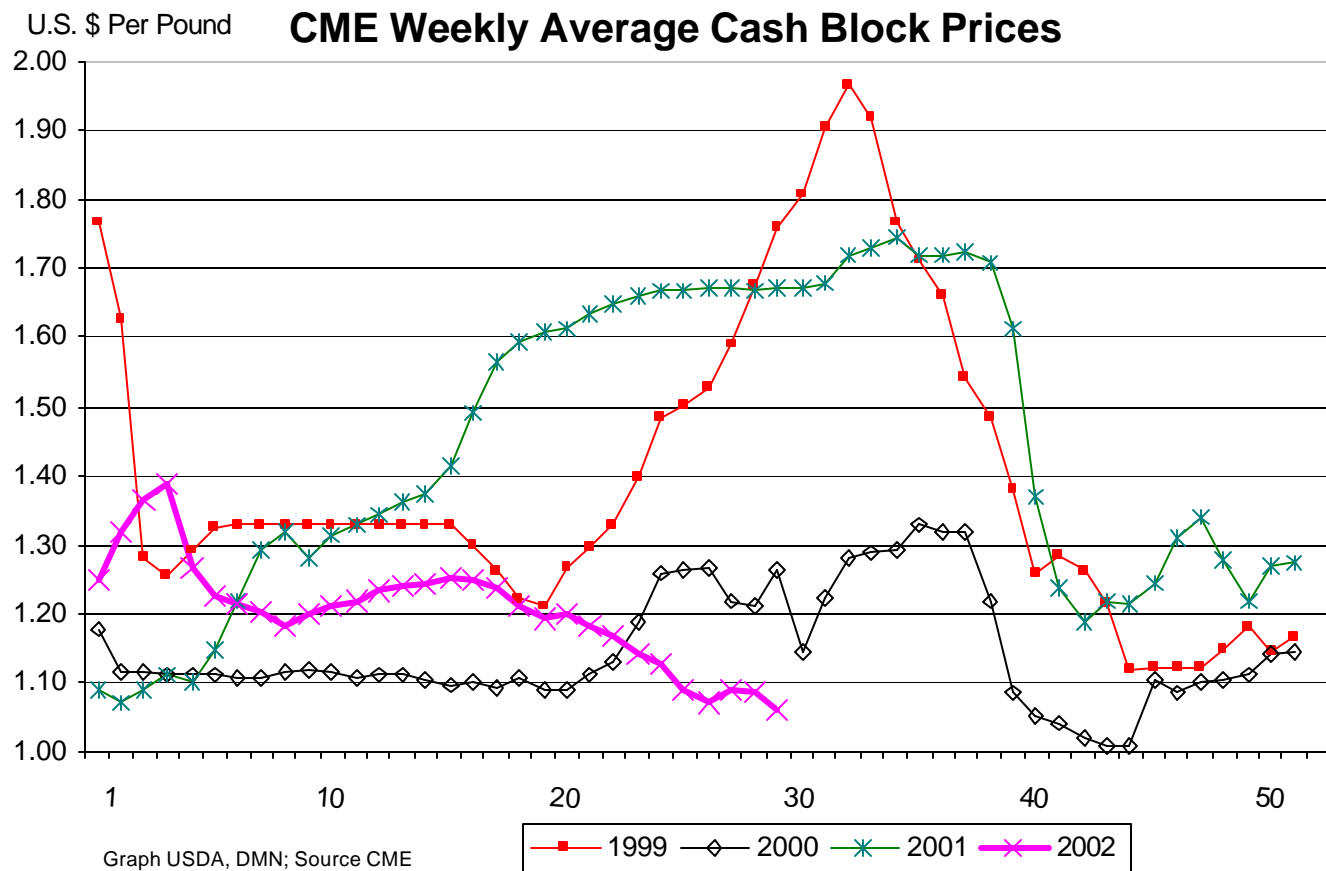
CHICAGO MERCANTILE EXCHANGE AVERAGES FOR JULY 2002

COMMODITY	: : REPORT NUMBER 27 :		: : REPORT NUMBER 28 :		: : REPORT NUMBER 29 :		: : REPORT NUMBER 30 :		: : REPORT NUMBER 31 :		: : 2002 * :		: : 2001 * :	
	: : JUL 1 - 3		: : JUL 8 - 12		: : JUL 15 - 19		: : JUL 22 - 26		: : JUL 29 - 31		: : Monthly		: : Monthly	
	: : Average		: : Average		: : Average		: : Average		: : Average		: : Average		: : Average	
BUTTER*														
-- GRADE AA														
--Monday	:	1.0575	:	0.9950	:	0.9950	:	1.0350	:	1.0625	:	:	:	:
--Tuesday	:		:		:		:		:		:	:	:	:
--Wednesday	:	1.0325	:	0.9950	:	1.0000	:	1.0525	:	1.0675	:	:	:	:
--Thursday	:		:		:		:		:		:	:	:	:
--Friday	:	#	:	0.9950	:	1.0450	:	1.0600	:		:	1.0302	:	1.8971
--Weekly Average**	:	1.0450	:	0.9950	:	1.0133	:	1.0492	:		:	:	:	:
CHEESE*														
-- BARRELS														
--Monday	:	1.0650	:	1.0450	:	1.1025	:	1.0450	:	1.1000	:	:	:	:
--Tuesday	:	1.0550	:	1.0450	:	1.1000	:	1.0300	:	1.1275	:	:	:	:
--Wednesday	:	1.0350	:	1.0450	:	1.0800	:	1.0300	:	1.1225	:	:	:	:
--Thursday	:	#	:	1.1050	:	1.0450	:	1.0300	:		:	:	:	:
--Friday	:	#	:	1.1050	:	1.0450	:	1.0700	:		:	1.0680	:	1.6312
--Weekly Average**	:	1.0517	:	1.0690	:	1.0745	:	1.0410	:		:	:	:	:
-- 40# BLOCKS														
--Monday	:	1.0850	:	1.0650	:	1.1050	:	1.0675	:	1.1400	:	:	:	:
--Tuesday	:	1.0650	:	1.0650	:	1.1000	:	1.0500	:	1.1700	:	:	:	:
--Wednesday	:	1.0650	:	1.0650	:	1.0925	:	1.0400	:	1.1700	:	:	:	:
--Thursday	:	#	:	1.1350	:	1.0675	:	1.0175	:		:	:	:	:
--Friday	:	#	:	1.1200	:	1.0675	:	1.1150	:		:	1.0889	:	1.6699
--Weekly Average**	:	1.0717	:	1.0900	:	1.0865	:	1.0580	:		:	:	:	:
NONFAT DRY MILK*														
-- EXTRA GRADE														
--Monday	:	0.8950	:	0.8950	:	0.8950	:	0.8950	:	0.9050	:	:	:	:
--Tuesday	:	0.8950	:	0.8950	:	0.8950	:	0.8950	:	0.9050	:	:	:	:
--Wednesday	:	0.8950	:	0.8950	:	0.8950	:	0.8950	:	0.9050	:	:	:	:
--Thursday	:	#	:	0.8950	:	0.8950	:	0.8950	:		:	:	:	:
--Friday	:	#	:	0.8950	:	0.8950	:	0.9050	:		:	0.8969	:	1.0071
--Weekly Average**	:	0.8950	:	0.8950	:	0.8950	:	0.8970	:		:	:	:	:
-- GRADE A														
--Monday	:	0.9000	:	0.9000	:	0.9000	:	0.9200	:	0.9200	:	:	:	:
--Tuesday	:	0.9000	:	0.9000	:	0.9000	:	0.9200	:	0.9200	:	:	:	:
--Wednesday	:	0.9000	:	0.9000	:	0.9050	:	0.9200	:	0.9200	:	:	:	:
--Thursday	:	#	:	0.9000	:	0.9200	:	0.9200	:		:	:	:	:
--Friday	:	#	:	0.9000	:	0.9200	:	0.9200	:		:	0.9098	:	1.0114
--Weekly Average**	:	0.9000	:	0.9000	:	0.9090	:	0.9200	:		:	:	:	:

* Monthly averages are a simple average of all the closes during the month. Weekly and monthly averages are independent calculations.

** Weekly averages are simple averages of the closes during the calendar week and are for information purposes. Should the week be split between two months, the weekly average will appear in the monthly report in which the Friday close is reported.

The CME was closed, no trading.



JULY AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in July 2002 was unchanged at 123. Compared with July 2001, the index was down 1 point (0.8 percent). The index of prices received by farmers for dairy products declined 3 points during the month of July 2002 to 86. Compared with July 2001, the index was down 38 points (30.6 percent).

Prices received by farmers in July with changes from June were: for All Milk, \$11.20 per hundredweight (cwt.), down \$.40; for Fluid Grade Milk, \$11.20 per cwt., down \$.50; and for Manufacturing Grade Milk, \$9.90 per cwt., down \$.40.

SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., JULY 2002 WITH COMPARISONS

STATE	All-milk price 1/ 3/				Milk cows 5/		Cows 6/		All hay baled 7/	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	JUNE		JULY		JULY		JULY		JULY	
	2002	2001 2/	2002 4/	2001 2/	2002 4/	2001 2/	2002 7/	2001 8/	2002	2001
CA	10.50	15.35	10.20	15.26	1,800	1,650	37.00	40.00	94.00	110.00
ID	10.70	14.60	10.30	14.80	1,750	1,760	37.50	41.60	101.00	123.00
MI	11.50	16.20	11.00	16.40	1,600	1,600	41.00	44.00	63.00	72.00
MN	11.50	16.20	10.90	16.20	1,580	1,570	39.50	46.00	69.00	60.00
NY	12.50	17.00	11.60	17.00	1,600	1,500	---	---	109.00	116.00
OH	11.90	16.20	11.40	16.20	1,640	1,500	38.50	42.90	85.00	81.00
PA	13.30	17.70	12.90	17.60	1,640	1,650	39.20	45.20	118.00	107.00
TX	12.00	16.90	11.70	17.10	1,650	1,640	36.90	41.20	82.00	79.00
WA	11.70	16.40	11.40	16.50	1,710	1,700	---	---	114.00	123.00
WI	11.60	16.10	11.00	16.00	1,620	1,520	40.60	44.10	58.00	45.00
U.S.	11.60	16.20	11.20	16.20	1,670	1,590	37.70	42.90	93.60	96.30

1/ Prices are shown at reported butterfat test. 2/ Partially revised. 3/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. 4/ Preliminary. 5/ Animals sold for dairy herd replacement only. 6/ Beef cows and cull dairy cows sold for slaughter. 7/ Mid-month price. 8/ Entire month.

MILK AND OTHER GENERAL PRICE MEASURES, U.S., JULY 2002 WITH COMPARISONS

ITEM	JULY 2001	JUNE 2002 2/	JULY 2002 3/
PRICES RECEIVED BY FARMERS , dol. per cwt., at reported butterfat test:			
All milk	16.20	11.60	11.20
Fluid grade milk	16.20	11.70	11.20
Manufacturing grade milk	14.90	10.30	9.90
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for all farm products	108	98	100
Prices received by farmers for dairy products	124	89	86
Prices paid by farmers for commodities and services, interest taxes, and wage rates	124	123	123
Prices paid by farmers for production items	120	118	118
Prices paid by farmers for feed	109	110	112
MILK FEED PRICE RATIO: Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk 3/	3.60	2.56	2.38

1/ Partially revised. 2/ Preliminary. 3/ For this data series, the price of the commercial prepared feed is based on current U.S. prices received for corn, soybeans, and alfalfa hay and whole wheat.

SOURCE: "Agricultural Prices," Pr 1 (7-02), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF JULY 29 - AUGUST 2			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/01	SAME PERIOD LAST YEAR	WEEK ENDING 07/26/02	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Unsalted	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	3,050,083	-0-	-0-
Barrel	325,010	-0-	325,010	446,491	4,025,276	-0-	-0-
Process	198,000	-0-	198,000	396,000	3,999,600	-0-	-0-
TOTAL	523,010	-0-	523,010	842,491	11,074,959	-0-	-0-
NONFAT DRY MILK*							
Nonfortified	13,518,583	-0-%	13,518,583%	607,679,646%	367,406,944	1,186,882,000	601,177,000
Fortified	-0-	-0-	-0-	-0-	28,151,091	46,391,000	38,227,000
TOTAL	13,518,583	-0-%	13,518,583%	607,679,646%	395,558,035	1,233,273,000	639,404,000

*The NDM cancellation reported for last week (July 22 - 26) was reduced by 104,267 pounds. The new adjusted total for the week is 11,888,339 pounds and the cumulative total 594,161,063 pounds.

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF JULY 29 - AUGUST 2, 2002 =	7.8	162.5	COMPARABLE PERIOD IN 2001 =	1.7	69.8
CUMULATIVE SINCE OCTOBER 1, 2001 =	141.5	7,081.7	CUMULATIVE SAME PERIOD LAST YEAR =	189.2	4,713.9
CUMULATIVE JANUARY 1 - AUGUST 2, 2002 =	124.5	6,185.8	COMPARABLE CALENDAR YEAR 2001 =	72.7	3,231.4

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF JULY 29 - AUGUST 2, 2002 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	198,000	872,953	-0-
WEST	-0-	-0-	-0-	-0-	325,010	-0-	12,645,630	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/01 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2001/02	2000/01	2001/02	2000/01	2001/02	2000/01	2001/02	2000/01
MIDWEST	-0-	-0-	396,000	5,995,440	34,601,728	8,128,476	8.0	30.2
WEST	-0-	-0-	446,491	5,039,919	530,670,162	387,429,559	85.4	69.6
EAST	-0-	-0-	-0-	39,600	42,407,756	-0-	6.6	0.2
TOTAL	-0-	-0-	842,491	11,074,959	607,679,646	395,558,035	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER MAY 31, 2001

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$.8548 per pound; 1# Prints \$.8848

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1839; Process Am. 2# \$1.2239

NONFAT DRY MILK Nonfortified \$.9000 per pound; Fortified \$.9100; Instant \$1.0575

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 07/13/02 & Comparable Week 2001

Regions* (000 HEAD)	U.S. TOTAL										% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1
2002-Dairy	0.2	0.8	5.9	5.4	19.0	2.0	0.4	0.7	11.8	3.1	49.4	46.0
2001-Dairy	0.2	0.6	5.8	5.0	19.4	2.0	2.2	0.8	9.0	2.3	47.4	45.5
2002-All cows	0.2	1.0	7.9	13.3	29.0	14.1	15.9	3.5	15.2	7.2	107.4	46.9
2001-All cows	0.2	0.8	7.8	15.0	26.8	14.2	16.7	4.8	11.7	6.2	104.1	

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III (2000-2001) AND BFP (1999) MILK PRICES, (3.5% BF, \$/CWT. FOR COMPARISON PURPOSES ONLY)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59	15.79	16.26	11.49	9.79	9.63
2000	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76	10.02	8.57	9.37
2001	9.99	10.27	11.42	12.06	13.83	15.02	15.46	15.55	15.90	14.60	11.31	11.80

FEDERAL MILK ORDER CLASS PRICES FOR 2002 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	11.96	11.95	11.62	11.47	11.26	11.03	10.62	10.48				
II	12.69	12.28	12.19	11.88	11.29	11.19	11.14					
III	11.87	11.63	10.65	10.85	10.82	10.09	9.33					
IV	11.93	11.54	11.42	11.09	10.57	10.52	10.45					

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfmoms/mib/cls_prod_cmp_pr.htm